



La foncière des centres-villes

PRESS RELEASE

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TERREÏS significantly increases its size and financing capacity

- **TERREÏS acquires a portfolio consisting largely of prime residential property in Paris valued at €209 million, following the absorption of the DAB Expansion Group, 100% owned by OVALTO Investissement, the family-owned holding company of Jacky Lorenzetti**
- **Net Asset Value (replacement basis) of merged entities is worth €19.50 a share, based on an independent appraisal dated 30 September 2010**
- **Plans for an equity issue to the benefit of all post-merger TERREÏS' shareholders for around €100 million, at a price of €1.50 for each new share**
- **These transactions will be submitted for the approval of the extraordinary general meetings of the companies concerned on January 10th, 2011**

I – Background to the proposed transactions

As part of the long-term asset development strategy of the real estate division of family-owned holding company OVALTO Investissement, Jacky Lorenzetti has decided to integrate the DAB Expansion Group within TERREÏS. DAB Expansion, 100% owned by Jacky Lorenzetti, is a holding company whose sole asset consists of more than 89% SCI Avenir & Investissement (A&I). A&I's property portfolio consists of 16 Haussmanian buildings (30,400 sq. m.) situated in Paris in the 7th, 8th, 9th, 15th, 16th and 17th *arrondissements*, and three office buildings (13,000 sq.m.) situated in Paris, Tours and Nancy. For the purposes of the proposed merger, these assets have been valued by BNP Real Estate at €209 million at 30 September 2010.

The merger by absorption of DAB Expansion and Avenir & Investissement will see TERREÏS reinforce its balance sheet with an estimated merged property portfolio of €575 million (expert valuation at 30 September 2010) and net debt of €229 million. Since the end of September, more than €110 million of new promises have been signed, taking the merged property portfolio to around €700 million.

TERREÏS' ambition is on one hand, to rapidly achieve a €1 billion property portfolio, focused on tertiary property, mainly in Paris, and, on the other hand, to confirm its listed property company status (*régime des Sociétés d'Investissement Immobilier Cotées*, or SIIC) by diversifying its institutional shareholders base, in respect of a 60% maximum stake owned by majority shareholder.

To that end, an equity issue of around €100 million is envisaged. These two operations are part of Jacky Lorenzetti's patrimonial strategy, aimed at using TERREÏS as a special investment vehicle to build a first quality property portfolio under favourable tax conditions. A larger float of a significantly expanded TERREÏS will boost the liquidity of the stock and provide a better visibility among property companies listed on the NYSE Euronext market in Paris.

II – General terms of the merger transaction

DAB Expansion and Avenir & Investissement net assets have been valued on the basis of interim statements at 30 September 2010, 4th quarter 2010 datas and datas for the period from 1st to 10th January 2011, the latter being the planned day for the general meeting of shareholders of merged companies.

Merger parities have been established taking into account Net Asset Value (replacement basis) for each entity at 30 September 2010, based on a valuation by BNP Real Estate. For the merged companies, it stands at €19.50 per share, a 15.6% increase compared to the level achieved by TERREÏS at 31 December 2009.

Extraordinary general meetings of shareholders of TERREÏS and partners from merged companies will take place on January 10th, 2011 to approve the merger, with an immediate accounting and fiscal effect. The notice of TERREÏS' meeting was today published in the French legal gazette BALO. The draft merger agreement was signed on December 3rd, 2010. Merger and absorption operations will lead to the creation of 8,880,549 new TERREÏS shares. Following the merger, TERREÏS shareholders' equity will be composed of 16,752,242 shares with a €3 par value.

The new ordinary TERREÏS shares to be issued in connection with the merger will be tradable upon issue and subject to all statutory provisions of TERREÏS. They will be due January 1st 2011 and won't receive any dividend payment for the 2010 fiscal year. Their admission to trading on the NYSE Euronext market in Paris will be requested once the merger has been finalised. This operation is the object of a Prospectus ("Document E") subjected to the registration by the French Securities Regulator (AMF), with the aim of its recording planned by December 10th, 2010 at the latest.

The expected capital increase should allow to raise around €100 million. It will preserve the rights of existing shareholders. All shareholders will be entitled to subscribe (including shareholders resulting from the merger) on the basis of €11.50 for each new share. Crédit Agricole Corporate and Investment Bank will be the Lead and Book Runner of the operation, expected to take place during the first half of 2011, according to market conditions. The capital increase will be the object of a Securities Note subjected to the Visa of the French Securities Regulator (AMF).

A briefing meeting will be held on Tuesday December 14th, at 4.00 pm.

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About TERREÏS (www.terreis.fr)

TERREÏS is a property company with a portfolio of small and medium-sized offices and commercial premises, mainly in central locations in Paris and major cities throughout France. TERREÏS has been listed in Compartment C of the NYSE Euronext market in Paris since December 2006, and adopted listed property company status (*régime des sociétés d'investissement immobilier cotées*, or SIIC) from 1 January 2007. The stock was added to the SBF 250 Index in September 2010.

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